



REPLY TO:
HOVENSA L.L.C.
1 Estate Hope
Christiansted VI 00820-5652

April 26, 2012

CERTIFIED MAIL NO.: 7008 1830 0004 0471 0131
RETURN RECEIPT REQUESTED

Mr. Steve Riva, Chief
Air Programs – Permitting Section
US EPA, Region 2
290 Broadway, 21st Floor
New York, NY 10007-1866

SUBJECT: Cessation of Operation of SO₂ Monitoring Stations

Dear Mr. Riva:

On January 18, 2012, HOVENSA L.L.C. (HOVENSA) announced that it would be shutting down refinery operations and would operate as an oil storage terminal in the future. On or before February 21, 2012, all process units used for the refining of crude oil and production of petroleum products or intermediates ceased processing operations. The Sulfur Recovery Plants (SRP) and the Sour Water Strippers (SWS) continued to operate until all streams needing treatment were eliminated. As of March 18, all SRPs and SWSs had ceased operation.

No process units used for the refining of crude oil and production of petroleum products or intermediates will continue to operate as part of the bulk storage terminal. HOVENSA plans to produce power and water sufficient for operation as a terminal and will continue to require wastewater treatment facilities. HOVENSA is still finalizing both intermediate and long term plans for operation of a bulk storage terminal to determine what utilities will continue to be needed. The current intermediate term plan is:

- a. Two gas turbines will remain for electricity generation; only a single turbine will operate at any given time.
- b. While boilers are not expected to be needed for steam production on a routine basis, two boilers will be maintained as backup.
- c. Flare No. 7 only is being maintained for use primarily as a safety device relating to the receipt and storage of propane.
- d. Portions of the wastewater treatment system.
- e. A reverse osmosis desalination unit for drinking water.
- f. Product loading rack for local fuel sales.

In addition to above, HOVENSA projects that it will operate 6 docks and approximately 70 storage tanks, which are located in Tankfields 2, 5, 6, 7, 11, 20, 21, 22, 56, 57, 59, 60, and the Gasoline Blending, Propane Storage, and Truck Rack areas. Existing pumps will also be needed for product movement and seawater intake. This plan is subject to revision because the terminal business plan is still in the formative stages.

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As an oil storage terminal, air emissions will be primarily limited to VOC emissions from storage tanks and marine loading, with minimal power generation equipment described above. As a result of idling all of the process equipment, no fuel gas or fuel oil will be generated at the facility. The small amount of fuel necessary for minimal power generation will be purchased commercial grade propane (not a source of SO₂) and diesel or 0.3% or less sulfur fuel oil as backup. At this time, the needs for electricity, water, steam and wastewater treatment capacity are projected to be less than 10% of the requirements to operate as a petroleum refinery.

As stated in HOVENSA's FCC PSD permit,

"HOVIC shall operate five ambient monitoring stations, two to the west of the refinery and three to the north of the refinery, for purposes relating to the supplemental control scenario as delineated under section III.C.c of the permit."

The purpose of HOVENSA operating the 5 SO₂ monitoring stations outside its perimeter was to support an intermittent controls strategy allowing HOVENSA to burn 1% sulfur residual fuel oil and switching to 0.5%S during certain wind conditions. This was meant to ensure that the burning of this fuel was not contributing to SO₂ NAAQS exceedances.

HOVENSA is no longer burning 0.5%S residual fuel oil and all of our process units have been idled. We are planning on idling the 5 SO₂ monitoring stations because they are no longer being used for purposes relating to the supplemental control scenario as stated in our permit.

"HOVIC shall operate five ambient monitoring stations, two to the west of the refinery and three to the north of the refinery, for purposes relating to the supplemental control scenario as delineated under section III.C.c of the permit."

Currently, HOVENSA has no plans to restart the process units at its facility. If process units were started up again, we would of course resume the operation of all 5 stations prior to startup of the first process unit. HOVENSA plans to cease operating and maintaining the stations by July 1, 2012. This would allow for approximately 3 months of data collection downwind of HOVENSA and Diageo since HOVENSA's units were idled.

If EPA or DPNR wishes to continue monitoring the area for SO₂ impacts from other industrial facilities, HOVENSA is open to discussing turning over the operation and maintenance of the buildings, analyzers and instrumentation. HOVENSA would also consider providing training to a VIDPNR technician on the operation of the gas analyzers prior to July 1.

We look forward to talking with you about this schedule and future arrangements. I will be contacting Commissioner Barnes this week regarding this letter. If you have any questions, please contact me at (340) 692-3774 or Catherine Elizee at (340) 692-3773.

Sincerely,



Kathleen C. Antoine
Environmental Director

KCA/CE/lm

cc: Commissioner Barnes, VI DPNR